

Message Text

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ACTION EB-07

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FM AMEMBASSY WELLINGTON

TO SECSTATE WASHDC PRIORITY 937

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E.O. 11652: N/A

TAGS: EAIR, NZ

SUBJ: CIVAIR: PAN AM AND NZ SPECIAL FARES PROBLEM

REF WELLINGTON 0610

THE FOLLOWING LETTER TO THE E/C COUNSELLOR FROM
THE DEPUTY-SECRETARY FOR TRANSPORT MR. A.J. EDWARDS
DATED FEBRUARY 24, WAS HAND DELIVERED TO THE EMBASSY.

"WE ARE NOW IN RECEIPT OF A PAN AMERICAN FILING
RELATING TO UNITED KINGDOM AND EUROPEAN
EXCURSION FARES WHICH, SUBJECT TO OUR RECEIVING SOME
FURTHER DETAILED INFORMATION, WILL FULLY COMPLY
WITH THE NEW ZEALAND GOVERNMENT DIRECTIVE OF 20
OCTOBER 1975. NATURALLY WE ARE RELIEVED THE MATTER
DID NOT HAVE TO BE AIRED IN THE NEW ZEALAND COURTS AND
WE
ARE VERY GRATEFUL FOR YOUR READY UNDERSTANDING OF THE
PROBLEM WHICH FACED US.

FOR OUR PART WE ARE NOT UNAWARE OF THE FINANCIAL
PROBLEMS BESETTING PAN AMERICAN OVER THE PAST YEARS
WHICH HAVE YET TO BE OVERCOME. I WOULD LIKE TO ASSURE
YOU THAT PAN AMERICAN IS HELD IN HIGH REGARD BY
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AVIATION OFFICIALS OF THIS MINISTRY, NOT ONLY BECAUSE

IT WAS THE FIRST INTERNATIONAL AIRLINE TO SERVE THIS COUNTRY BUT BECAUSE IT HAS, BY THE STANDARD AND EFFICIENCY OF SERVICE MAINTAINED, JUSTIFIABLY EARNED OUR ESTEEM. WE ARE ANXIOUS TO ASSIST ITS FINANCIAL RECOVERY IN ANY WAY PRACTICABLE. THEREFORE AS WE ADVISED ORALLY WE WOULD BE PLEASED TO MEET MR. CARLSON AND HAVE A FRANK AND FULL DISCUSSION WITH HIM ON HIS AIRLINE'S PROBLEMS IN RELATION TO NEW ZEALAND.

HOWEVER IT DOES NOT SEEM TO US THAT MUCH BETTER RESULTS COULD BE ACHIEVED THROUGH CONTINUED INTER-AIRLINE DISCUSSIONS. AS YOU WOULD BE AWARE AIR NEW ZEALAND AND PAN AMERICAN DID HAVE SOME TALKS ON FORWARD PLANNING LAST YEAR IN WHICH PAN AMERICAN BROADLY OUTLINES ITS INTENTION TO INTRODUCE B747 AIRCRAFT ON THE NW ZEALAND ROUTE WITH THE OBJECTIVE OF HAVING A DAILY B747 SERVICE TO THIS COUNTRY BY THE END OF 1978. AIR NEW ZEALAND, FOR ITS PART, HAD PLANNED ONLY A MODERATE EXPANSION OF SERVICES. THESE INVOLVED A NINTH DC10 SERVICE TO LOS ANGELES AND A POSSIBLE EXTENSION OF ONE OF ITS SERVICES FROM RAROTONGA TO HONOLULU TO CATER FOR TOURISTS VISITING THE COOK ISLANDS. IT WAS AGREED AT PAN AMERICAN'S REQUEST TO DEFER THE INTRODUCTION OF THE NINTH DC10 SERVICE FOR A YEAR UNTIL NOVEMBER OF THIS YEAR.

THESE TALKS WHICH I AM CERTAIN COULD HAVE BEEN VERY USEFUL WERE INCONCLUSIVE BECAUSE PAN AMERICAN AT THAT JUNCTURE WAS UNABLE TO GIVE PRECISE DETAILS OF ITS FORWARD PLANNING. IT SEEMS TO US THAT THERE WOULD BE CONSIDERABLE MERIT IF APPROVAL WERE GIVEN FOR THESE TALKS TO BE RESUMED THIS YEAR. WE WOULD STRONGLY SUPPORT SUCH ACTION.

WE RECOGNIZE THAT AFTER YEARS OF HIGHER UNITED STATES CAPACITY OVER THE UNITED STATES NEW ZEALAND ROUTES, AIR NEW ZEALAND'S CAPACITY HAS, OVER THE THREE YEARS OF ITS RE-EQUIPMENT PROGRAMME, EXCEEDED THE UNITED STATES CARRIER CAPACITY, ALTHOUGH ALLOWANCE MUST BE MADE FOR PAN AMERICAN'S FREIGHTER OPERATIONS. THE REASONS FOR THE RELUCTANCE OF PAN AMERICAN TO INCREASE ITS CAPACITY OVER THIS PERIOD ARE WELL-KNOWN. IT IS OF INTEREST LIMITED OFFICIAL USE

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TO US THAT THE OUTCOME OF THE PRELIMINARY PAN AMERICAN-AIR NEW ZEALAND TALKS IS THAT THIS HIGHER CAPACITY SITUATION COULD BE ELIMINATED FAIRLY QUICKLY AND THAT BY THE END OF 1978 COULD BE REVERSED. CERTAINLY TRAFFIC FIGURES OVER BOTH THE HONOLULU AND TAHITI ROUTINGS AT THE PRESENT TIME INDICATE ADDITIONAL CAPACITY IS REQUIRED NOW.

IN THE ABSENCE OF UNITED KINGDOM CIVIL AVIATION

OR AIRLINE REPRESENTATIVES AT THE TALKS WITH MR. CARLSON,
IT IS DIFFICULT TO ENVISAGE HOW FAR WE CAN GO
IN TALKS OVER THE UNITED KINGDOM EXCURSION FARES, BUT IT
CERTAINLY WILL DO NOT HARM TO AIR THEIR PROBLEMS IN THIS
AND OTHER AREAS WHICH CAN ONLY LEAD TO BETTER UNDERSTANDING
ON ALL SIDES AND HOPEFULLY TO SOME MUTAULLY ACCEPTABLE
SOLUTIONS".
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